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C O N F I D E N T I A L SECTION 01 OF 02 TBILISI 001172

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STATE FOR EUR/CARC AND EUR/RPM

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TAGS: [MARR](#) [PGOV](#) [EFIN](#) [GG](#)

SUBJECT: FURTHER DETAIL ON MOD PLANS FOR ADDITIONAL FUNDING
IN 2007

REF: TBILISI 1065

Classified By: Ambassador John F. Tefft, reason 1.4(b) and (d).

11. (C) The Georgian Ministry of Defense has provided additional information about its priorities for spending the proposed GEL 442,100,000 (USD 261.6 million) increase in the defense budget reported reftel. The money will be spent by the MOD as follows:

-- GEL 21.8 million (USD 13 million) on salary increases and social payments for military personnel. The armed forces will have a unified wage scale based only on rank.

-- GEL 21.1 million (USD 12.5 million) on travel associated with participation in Operation Iraqi Freedom (OIF).

-- GEL 84,716,000 (USD 50.1 million) on ammunition for additional training of units for participation in OIF.

-- GEL 23,900,300 (USD 14.1 million) on equipment for training reserves.

-- GEL 12 million (USD 7.1 million) on IT system development.

-- GEL 700,000 (USD 414,200) for an Information Center on NATO and special programs to increase awareness of NATO in Georgia and for equipment and upgrades of the Military Hospital.

-- GEL 30 million (USD 17.75 million) to construct houses for families of military personnel in Tbilisi.

-- GEL 10 million (USD 5.9 million) to construct houses for families of military personnel in Gori.

-- GEL 2 million (USD 1.18 million) to construct a camp for reserves in Senaki.

-- GEL 2 million (USD 1.18 million) for repair and reconstruction of two camps for reserves in Mukhrovani and Telavi.

-- GEL 8,880,300 (USD 5.25 million) for reconstruction of the Kutaisi garrison.

-- GEL 2,150,000 (USD 1.27 million) for construction of Senaki aviation hangars.

-- GEL 15,410,000 (USD 13 million) for new military base construction in Gori.

-- GEL 1.6 million (USD 911,800) for construction of the Vashlijvari military base.

-- GEL 50,343,400 (USD 29.76 million) for improving air defense capabilities.

-- GEL 2.7 million (USD 1.6 million) for night vision equipment.

-- GEL 23.8 million (USD 14.08 million) for NATO interoperable portable radio transmitters.

-- GEL 64.2 million (USD 38 million) for upgrade of existing tanks to NATO standards.

-- GEL 17,150,000 (USD 10.15 million) for upgrade of existing aircraft to be compatible with NATO.

-- GEL 7,650,000 (USD 4.53 million) for upgrade of existing helicopters to be compatible with NATO.

-- GEL 40 million (USD 23.6 million) for spare parts and equipment procurement.

12. (C) Comment: The level of detail varies from category to category, but the MOD's statement appears to be a good-faith effort to share with us the way it intends to spend a budget increase, if it is approved. A large part of the spending is explicitly tied to NATO integration tasks and support for OIF. Other spending is focused on salaries, family housing and reserve training bases. Such priorities are not obviously linked to an increased offensive capability aimed at restoring Georgia's territorial integrity by military means. We are concerned, however, that the fact of the large

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increase in spending may be perceived in that way.
TEFFT